

# FISCAL NOTE

## SB 3026

February 23, 2006

**SUMMARY OF BILL:** Increases the state's single maximum exemption levels for inheritance tax for calendar years 2006 through 2009 so they match those specified in the *Economic Growth and Tax Relief Reconciliation Act of 2001* (EGTRRA). Repeals the inheritance tax beginning with tax year 2010.

### ESTIMATED FISCAL IMPACT:

**Decrease State Revenues - \$19,900,000 FY06-07**  
**\$18,900,000 FY07-08**  
**\$22,700,000 FY08-09**  
**\$31,700,000 FY09-10**  
**\$31,200,000 FY10-11 and thereafter**

**Increase State Expenditures - \$8,250 One-Time**

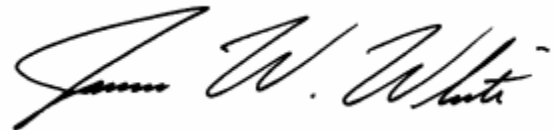
#### Assumptions:

- This bill proposes increases in the state's single maximum exemption levels for inheritance tax from \$1.0 million to \$2.0 million for calendar years 2006 through 2008 and from \$1.0 million to \$3.5 million for calendar year 2009.
- Under EGTRRA, federal estate taxes will be repealed for calendar year 2010.
- Provisions of EGTRRA will no longer be effective on January 1, 2011 and the federal estate tax structure will revert to the structure that existed in calendar year 2001.
- Current state law allows filing extensions up to nine (9) months from decedent's death.
- Inheritance tax revenues are collected in the fiscal year subsequent to decedent's death due to filing extension period.
- Inheritance tax is permanently repealed beginning with tax year 2010.

- According to the Department of Revenue, increasing the state's single maximum exemption levels for calendar years 2006 through 2009 will cause state revenues to decrease by approximately \$19.9 million, \$18.9 million, \$22.7 million, \$31.7 million, and \$31.2 million for FY06-07, FY07-08, FY08-09, FY09-10, and FY10-11 respectively.
- Software modifications required in the DOR to implement the provisions of this proposed legislation is estimated as a one-time state expenditure of \$8,250.
- This proposed legislation does not apply to generation-skipping transfers after December 31, 2009 or to the estates of decedents dying after December 31, 2009.

## **CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" and last name "White" clearly legible.

James W. White, Executive Director